ATXI Exhibit 6.0

ILLINOIS COMMERCE COMMISSION

DOCKET No. 12-________

DIRECT TESTIMONY

OF

DARRELL E. HUGHES

Submitted On Behalf

Of

AMEREN TRANSMISSION COMPANY OF ILLINOIS

NOVEMBER, 2012

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I. INTRODUCTION AND WITNESS QUALIFICATIONS

Q. Please state your name, business address and present position.

A. My name is Darrell E. Hughes, and my business address is 1901 Chouteau Avenue, St. Louis, Missouri 63103. I am employed by Ameren Services Company ("Ameren Services") as a Supervisor Valuation and Cost of Capital – Corporate Finance for Ameren Corporation ("Ameren") and its affiliates, including Ameren Illinois Company d/b/a Ameren Illinois ("Ameren Illinois").

Q. Please summarize your educational background and professional experience.

A. A summary of my educational background and professional experience is attached as an Appendix to this testimony..

Q. What are your duties and responsibilities in your present position?

A. In my current position, I have additional responsibilities for supporting the development of financial projections provided to the credit rating agencies, long-term cash forecasting, asset valuations and financial due diligence related to proposed new business initiatives and financing activities.

II. PURPOSE AND SCOPE

Q. What is the purpose of your direct testimony?

A. The purpose of my testimony is to discuss the financing required for the Illinois Rivers Project (the "Project") and to explain how Ameren Transmission Company of Illinois ("ATXI") can finance the Project without adverse financial consequences for ATXI or its customers. Based on current financial considerations, my analysis indicates ATXI will be able to support all of the financing for the Project during its construction phase without experiencing significant adverse financial consequences for itself or its customers as a result of the financial requirements imposed by construction of the proposed Transmission Line.

Q. Are you sponsoring any exhibits in support of your direct testimony?

A. No, I'm not.

III. FINANCING OF THE PROJECT

Q. Please summarize ATXI's financing plan for the Project.

A. ATXI does not have partnerships or joint owners that would provide funding for this Project. ATXI will primarily rely on Ameren for its source of funds. These funds will include short-term and long-term intercompany loans from Ameren. In addition, Ameren will be making periodic equity infusions into ATXI in support of ATXI's long-term capital structure target of 56% equity and 44% debt.

To a lesser extent, ATXI will self-fund a portion of the Project with retained earnings. ATXI does not have any direct retail customers. But ATXI's transmission facilities are part of the Midwest Independent Transmission System Operator, Inc. ("MISO") transmission system, and wholesale and retail customers request transmission service from MISO. MISO receives the revenue for the service; and MISO distributes the revenue to ATXI. ATXI has earnings due to the receipt of current MISO tariff revenue and will generate additional retained earnings as the Project is constructed. These funds are a source of equity and will offset the need for debt or equity financing from Ameren.

Q. How will the Project be financed during construction?

A. Ameren will lend funds to ATXI under two intercompany borrowing arrangments. The first is a short-term Unilateral Borrowing Agreement, which was approved by the Commission in May of 2008 as part of Docket 08-0174. This agreement provides for up to $125 million of short-term lending to ATXI. In addition, ATXI has filed a request for approval of a Long-Term Borrowing Agreement, as part of Docket 12-0017. This agreement would also allow Ameren to lend to ATXI funds not to exceed $100 million over a term not to exceed ten years. Together, these agreements will provide for up to $225 million of direct lending from Ameren to ATXI, as needed. ATXI intends to periodically replace short-term borrowing from the Unilateral Borrowing Agreement with borrowing under the proposed Long-Term Agreement. As construction proceeds, ATXI will seek to renew the long-term lending arrangement at least every three years, and will seek to extend the maximum size beyond the $100 million limit, as necessary.

In addition, Ameren will provide additional construction funding through periodic equity infusions. Periodic reviews of ATXI financial reports will indicate how the balance of accumulated equity (from retained earnings and paid-in capital) compares to the balance of outstanding debt. ATXI currently expects that, to the extent ATXI does not meet a target 56% equity, 44% debt capital structure, Ameren will infuse additional equity funding necessary to achieve such target.

Q. How will the Project be financed after construction is complete?

A. Eventually, ATXI will seek debt from unaffiliated sources. These sources will allow ATXI to pay off debt to affiliates with external debt financings in a similar manner to other utilities regulated in Illinois. Contractually, ATXI has the right to pay off any of its debt from Ameren at any point. The timing and availability of external debt financings will depend on a number of factors. These may include, but are not limited to, a standalone credit rating for ATXI, the relative amount of cash generated by future revenues, the overall amount of debt that ATXI has accumulated, the strength of ATXI's key credit metrics and the future debt market conditions. There are no specific plans for external debt financings at this point, but such financings would most likely occur after ATXI achieves total capitalization exceeding $500 million. Current construction estimates indicate this would occur in the 2015 to 2016 timeframe. ATXI recognizes that any future external financings will be subject to review and/or approval by the Commission in the manner and to the extent required by law.

Q. Has ATXI determined the expected cash flow required to finance the Project?

A. Yes. The total expected Project cost for the Primary Route is approximately $1.092 billion, and for the Alternate Route is $1.168 billion. The Project will be placed in service in phases, with the earliest in-service dates expected in 2016 and the final portion of the Transmission Line to be placed in service by the end of 2019. The following alternative construction costs (without Allowance for Funds Used During Construction, or "AFUDC") are estimated by year:

Year	CF %	Primary Route	Alternate Route
2012	2.2%	$24,200,000	$25,800,000
2013	6.9%	$75,100,000	$80,400,000
2014	21.3%	$232,200,000	$248,300,000
2015	21.2%	$231,900,000	$248,100,000
2016	23.6%	$257,800,000	$275,700,000
2017	16.4%	$178,800,000	$191,300,000
2018	6.9%	$75,000,000	$80,200,000
2019	1.5%	$16,600,000	$17,700,000
Total:	**100.0%**	**$1,091,600,000**	**$1,167,500,000**

Q. Please describe the capital structure of ATXI.

A. The capital structure is comprised of debt from all sources, which include lending under the previously discussed intercompany borrowing arrangements with Ameren and any external debt that ATXI may issue on its own. The equity will consist of retained earnings from on-going operations, plus accumulated paid-in capital from equity infusions made by Ameren. The capital structure will be rebalanced with periodic infusions (at least annually) of equity to maintain a long-term target capital structure of 56% equity and 44% debt. This capital structure was approved by the Federal Energy Regulatory Commission (the "FERC") in response to Ameren Services' Petition for Declaratory Order on Incentive Rate Treatments as part of Docket EL10-80-000. In this Order, ATXI (formerly Ameren Illinois Transmission Company, or AITC) was authorized to use a hypothetical capital structure of 56% equity and 44% debt in connection with construction of the Project (as well as others) until the beginning of the calendar year following the date by which all projects were placed in-service, or no later than 2022.

Q. Please describe ATXI's current financial situation.

A. As of September 30, 2012, ATXI had a $14.3 million short-term loan from Ameren and approximately $31.1 million of equity from paid-in capital and retained earnings. Out of the total $45.4 million of capitalization, Ameren has provided $39.3 million of the funds. The remaining $6.1 million has come from retained earnings. Ameren bears the majority of the financial risk during construction until such a time as ATXI can obtain its own external debt. ATXI is not required to file financial statements with the Securities and Exchange Commission ("SEC") and, for that reason, all financial results of its operations are consolidated at the corporate level. The impact of the Project's construction (at least in the early years) will be evident, from a public financial reporting perspective, only at the Ameren level.

Q. Since Ameren is providing financial support to ATXI, please describe Ameren's current financial situation.

A. Ameren has issuer credit ratings of Baa3 from Moody's with a stable outlook, BBB- from Standard & Poor's ("S&P") with a stable outlook, and BBB from Fitch with a stable outlook. As of June 30, 2012, the total consolidated capitalization amounts to $14.587 billion with total outstanding debt of $6.887 billion. Ameren has access to the debt markets and equity markets to provide funding for the Project. In addition, Ameren currently maintains bank lines of credit amounting to $2.1 billion. Such credit is expected to be available during the construction of the Project. Ameren also uses commercial paper to the extent it is available. This could fund portions of the Project. As of June 30, 2012, Ameren had a total of $30 million of commercial paper issued. The anticipated amount of funding necessary to support this Project ranges from $1,092 million to $1,168 million. Most of this could be financed using Ameren's credit facilities, but Ameren intends to utilize other sources of cash. These sources may include, but are not limited to, excess funds from operations of its subsidiaries, funds from periodic debt or equity issuances, dividends, and cash savings from tax deferrals. In total, Ameren is well-capitalized, and Ameren has access to funding necessary to finance the Project.

Regarding costs of debt, ATXI will be charged the same rate that Ameren is charged on current or future debt issued at the corporate level. The terms in both the Unilateral Borrowing Agreement and the proposed Long Term Agreement dictate that ATXI will pay Ameren's interest costs. There is no "adder" that would inflate costs to a level greater than what Ameren would incur to finance the Project itself. Therefore, ATXI enjoys the benefit of debt rates of a much larger company with established debt ratings during the early years of construction.

Q. How does access to and cost of capital change as the Project is completed?

A. It should improve. ATXI does not have a standalone credit rating from the credit rating agencies, and some period of time will be necessary before ATXI acquires sufficient assets and financial size to be rated. This will most likely take at least three years, but may take longer. Once ATXI acquires its own rating, it is possible that external financing may be acquired at more competitive rates than Ameren's. To facilitate bond index eligibility, external debt is generally issued after companies need $250 million or more of long-term financing. ATXI may be able to access external markets for amounts less than this. ATXI has not assessed the cost or availability of external debt at the present time. It is simply too early, but this option will be part of long-term financial planning at ATXI.

In summary, ATXI's financial situation and plan ensures competitive interest costs for its short and long-term financings during construction. If the Project was financed immediately, the Project would only add 7.2% to 7.6% to the June 30,2012 capitalization of Ameren. While Ameren funds the early portions of the Project, the eventual acquisition of a strong, investment grade credit rating by ATXI could ensure additional access to standalone debt at rates that compare favorably to what Ameren could get on its own.

Q. How will ATXI service the debt incurred during construction and establish a stand-alone debt rating?

A. The approved MISO tariffs will provide ATXI a source of revenue to meet its interest obligations as the Project is constructed. ATXI's MISO tariffs allow it to recover the interest expense associated with the construction debt in the year in which the interest expense is incurred. This allows ATXI to service the debt on an ongoing basis, and it will produce a lower overall construction cost. Because the construction will be reflected in tariff recoveries on a current basis, ATXI will not accrue AFUDC. This type of rate treatment allows the accumulating amount of construction work in progress ("CWIP") to earn a rate of return. In typical utility construction projects, interest expense has to be capitalized. This means interest expense is not funded by customers as it is incurred, but is added to the project cost and compounds on itself. This compounding effect can greatly increase the cost of a large construction project that stretches over multiple years. This Project is certainly one that will stretch over several years, and AFUDC could be significant without CWIP recovery in rate base. Thus, while a utility that accures AFUDC is not made financially whole until the project is complete, ATXI will be made whole throughout its construction cycle. For that reason, the Project should not impose financial stress on ATXI, or for that matter, on Ameren. The recovery of current period interest expense is a cash flow beneficial to credit metrics, and thus supportive of strong credit ratings. In addition, ATXI will earn an equity return on the equity portion of its capitalization. This equity return allows for the generation of retained earnings at ATXI, which provides a partial source of funds for on-going construction, and improves cash flow to interest rate comparisons that are reviewed by the rating agencies.

Q. What about any impact on ATXI's financial condition after the Project goes in-service?

A. ATXI will start to recover depreciation of the Project's assets. This additional revenue is an additional source of cash flow relative to interest expense and the amount of debt on the balance sheet. This cash flow provides additional support to credit metrics, and these factors, as well as those mentioned above, could facilitate the ability of ATXI to obtain its own credit rating. As described earlier, a strong, investment grade ATXI credit rating would open sources of external debt for ATXI and may lower its cost ultimately.

Q. Will ATXI be reimbursed by any individual customer or group of customers for its actual or estimated costs for the Project?

A. No. This Project will not receive any funding in whole or in part from individuals or customers. The Project is being completed for reasons described by the other ATXI witnesses.

IV. <u>CONCLUSION</u>

Q. What is your conclusion regarding ATXI's ability to finance the Project?

A. I conclude that ATXI can finance the Project without adverse financial consequences to the utility or its customers.

Q. Does this conclude your direct testimony?

A. Yes, it does.

APPENDIX

STATEMENT OF QUALIFICATIONS
DARRELL E. HUGHES

I graduated with a Bachelor of Science degree in electrical engineering from Washington University in St. Louis, Missouri in 1975. Upon graduation, I was employed by Union Electric Company in the engineering services division of the information technology group. I held a variety of positions providing specialized support for transmission and distribution system analysis and design. I was promoted to Staff Assistant, Computer Services in 1982. I subsequently earned a Masters of Business Administration from Webster University in St. Louis, Missouri in 1991. After several promotions, I accepted the position of Senior Corporate Development Specialist in Corporate Finance for Ameren Services in 2000. I provided financial review and guidance to senior management regarding business initiatives proposed by all Ameren business lines. I completed financial projections and due diligence for Ameren’s subsidiaries in the acquisition of new long term debt in 2002. In 2003, I assumed additional responsibilities as Supervisor Valuation and Cost-of-Capital. In this role, I support Ameren's capital budgeting and project evaluation activities.